STANDARD FORM NO. 64

SECRET

Office Memorandum • UNITED STATES GOVERNMENT

TO : MID - Mr. Leddy

FROM : DRA - Mr. Burgin MWB

DATE: April 22, 1954

SUBJECT: Political Developments in Guatemala Since May 1953 (IR-6579)

Attached herewith is a report on political developments in Guatemala since May 1953. This report is designed to bring up to date the conclusions of NIE-84, Probable Developments in Guatemala, published May 19, 1953. In the preparation of this report DRA consulted with G-2 concerning matters falling within the area of their interest. Because of a shortage of time DRA has not drafted a text supporting these conclusions but would be glad to do so should you find such an effort desirable.

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OTR/DRA:MBurgin:mo

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IR-6579 — POLITICAL DEVELOPMENTS IN GUATEMALA SINCE MAY 1953

1. The political situation in Guatemala continues to be adverse to U. S. interests. The influence of Communists which is far out of proportion to their small numerical strength has continued to increase during the past year, largely because of closer and more open collaboration on the part of President Arbenz.

2. Communist ascendancy is based on the personal influence of individual Communists with the President and within the pro-Administration political parties, on infiltration of the bureaucracy, control of labor organizations, and leadership of the agrarian reform movement. The Communists have secured this position through militant demagogic advocacy of social reforms and nationalistic policies identified with the Guatemalan Revolution of 1944.

3. President Arbenz still exercises personal control of the Administration and of the army and the police. However, the administration's major policies are strongly influenced by an inner group of advisers composed almost entirely of Communists and Communist sympathizers. It is highly unlikely that Arbenz with his personal political fortunes committed to his present course is willing or able to make a clean break with the Communists.

4. Political exploitation of the Agrarian Reform Law of 1952 has been and continues to be of primary interest to the Arbenz Administration. The large Guatemalan landholders and the United Fruit Company have been the major targets. Neither has elicited any sympathy in Guatemalan public opinion. Redistribution of their land has been used to mobilize

the hitherto inert peasantry, especially its more radical elements, in support of the Administration.

5. The implementation of agrarian reform has intensified a sense of insecurity within the business community of Guatemala. However, its direct effect on agricultural production has been negligible and is likely to be so for several years. The general economy of Guatemala is likely to continue relatively prosperous as a result of the rise in world coffee prices.

6. The net internal political effect of the implementation of the Agrarian Reform Law has been to strengthen the Arbenz Administration and to increase Communist influence and capabilities. The Guatemalan Labor (Communist) Party has acquired almost complete control over the agrarian reform machinery. Particularly has this been true at the local level where agrarian committees have become political instrumentalities frequently overshadowing the local organizations of the political parties.

7. The most effective opposition to the Arbenz Administration is found in Guatemala City. The urban elements which constitute this opposition are strongly anti-Communist, but they are also strongly nationalistic. In general, they could not be expected to make common cause with the landholders or to appear to welcome foreign intervention in Guatemalan internal affairs, although some of them might be disposed to accept assistance from abroad in overthrowing Arbenz. An intensification of anti-Administration and anti-Communist activity may result from the recent pastoral letter of Archbishop Mariano Rossell who asserted that

the struggle against Communism should evolve from national and Catholic action. Some additional stimulation has been provided by the Caracas resolution against Communist activity in the Western Hemisphere. However, there is no likelihood that in the immediate future this urban opposition could alter the course of the government by olitical action. Nor could it succeed in a revolutionary attempt that is not supported by the army.

8. The army is the only organized element capable of rapidly and decisively altering the political situation. Although a quick change of attitude is always possible and a few influential officers have become concerned about the Communist problem, there is at present no reason to doubt that the army high command and most of the army are generally loyal to Arbenz. The present leaders of the army cannot be expected to abandon Arbenz unless they become convinced that their personal security and well-being are threatened by Communist domination of the government, or unless the policies of the government result in serious social disorders and economic deterioration. Military as well as civilian aspirants for the administration candidacy in the presidential elections in 1956 have shown no tendency to oppose present political trends. However, the more fluid political situation that is likely to develop sometime prior to the presidential campaign may offer the army an opportunity to reorient national policies.

9. As long as the Guatemalan Army remains united it can defeat any force which the Governments of El Salvador, Honduras, and Nicaragua could deploy against it. These governments are fearful that the trend

in Guatemala will lead to subversion and social upheaval in their territories. They are probably giving serious consideration to the possibility of effecting a political change in Guatemala through clandestine support of revolutionary action there. It is highly unlikely, however, that they would or could mount an open military intervention except in the event of a simultaneous and general uprising in Guatemala.

10. The action taken at Caracas with respect to Communism in the Western Hemisphere has not, at least for the present, weakened the Communists in Guatemala. They have intensified their efforts to form a national front against "foreign intervention" and to enlist support in other Latin American countries.

11. In an effort to break its recent isolation in Central America Guatemala will promote the emergence of regimes in this area that are likely to be hostile to U. S. interests or at least neutral toward Guatemala. Elsewhere, particularly in the United Nations and among Latin American nations which evidenced "behind the scenes" sympathy for it at Caracas, the Guatemalan government will seek political support.

12. Guatemala has continued to demonstrate its independence of U. S. leadership and has been wholly uncooperative in hemispheric affairs of major interest to the U. S. Moreover, the regime continues to be systematically hostile toward U. S. private economic interests in Guatemala. Detriment to Hemisphere solidarity would not deter Guatemala from any course of action suggested by its own interests.